

# MOTOR FUELS UPDATE

DEPARTMENT OF REVENUE



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October 2000

Are you currently filing your returns electronically?  
If YES, Thank You! You may skip this article.  
If NO, this article will be of interest to you.

When the Motor Fuel Collection and Enforcement Division was created, the Legislature mandated that all fuel entering, leaving, or being consumed in this state be accounted for. This became known as our "Cross-tracking System." The tracking of individual loads of fuel through multiple sales transactions is a monumental task. To accomplish this, every load of fuel reported had to be manually entered into a computer database capable of tracking each load of fuel. Errors on the reporting schedules or errors in data-entry resulted in untold hours of frustration. We soon came to realize that Electronic Data Interchange (EDI) reporting by you was the only practical way to satisfy this mandate.

We have come a long way since that time. We have a windows-based EDI

program that will run on today's PC's. This program is currently supplied without charge for the remainder of 2000 and, provided you become a qualified filer no later than December 1, 2000, it will be available for the nominal fee of \$75 for 2001. Another benefit of filing electronically is that the due date for your EDI return has been extended five days, until the 25<sup>th</sup> of the month.

Now the part that really impacts you. Due to the effectiveness of the EDI filing program, it was decided that all motor fuels tax returns must be filed electronically beginning January 1, 2002.

Will there be exceptions to this EDI filing requirement? Yes, however these exceptions will be extremely limited and granted only after extensive investigation.

Time is on your side. This filing mandate will not take effect for some 15 months. Contact your Account

Representative. They will be happy to assist you in making this transition.

## REVISED REGULATIONS

We have revised and consolidated our motor fuels tax regulations to reflect recent statutory changes. We intend to hold a public hearing later this year.

## I N S I D E

- Remitting Taxes
- What's New or Changed?
- A Reminder
- Refund Claims
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- Ethanol Production Credits

## REMITTING TAXES

During 2001, filers whose annual tax payments for all fuel tax programs exceed \$100,000 will be required to remit those taxes by electronic funds transfer (EFT). No special equipment is necessary to file EFT. It can be initiated through your telephone.

The EFT filing requirement will be implemented in three phases:

- 1 Those remitting in excess of \$500,000;
- 2 Those remitting in excess of \$250,000 up to \$500,000; and

- 3 Those remitting from \$100,000 up to \$250,000.

Each group will be given notice 90 days before the first EFT remittance is required.

You will be contacted if your yearly fuel tax remittances fall within one of these categories and you are not filing EFT. If you have any questions, contact your Account Representative.

## WHAT'S NEW OR CHANGED?

- Rick Lockhart, a longtime employee with the Department of Revenue, Motor Fuels Division, resigned to take a new position with another state agency. Rick's replacement is Dick Schmidt. Dick has an extensive background in the trucking industry and is no stranger to the world of motor fuels. We want to wish Rick lots of luck in his future endeavors and extend a warm welcome to Dick!

- The "Listing of Nebraska Motor Fuels Licensees" is located on our Web site at [www.nol.org/revenue/fuels/fuels.htm](http://www.nol.org/revenue/fuels/fuels.htm). Once you access our Web site, select the section entitled "Licensees" and you can

view accounts licensed for Nebraska motor fuels tax programs.

Recently, we sent you a notice stating that we would no longer supply hard copies of this listing information unless you called and specifically requested to continue receiving it. If you missed this notice and wish to continue receiving the hard copies of the listing and updates, contact us at 1-800-554-3835.

- What happened to Janet Stege? No, our administrator has not left, but she has decided to resume using her maiden name. She is now Janet Lake.

## EMPLOYEE OF THE YEAR

Andrew Brott, an auditor in our Omaha office, was recently recognized as the Nebraska Motor Fuels Division "Employee of the Year." Andrew is a genuine team player and works well with all employees. He is always upbeat and brings a positive attitude to all situations. Businesses that have been audited by Andrew have found his approach to be very helpful. Congratulations, Andrew!

## A REMINDER

All Nebraska carriers of motor fuels that are diverting a load of fuel from the original destination state, as indicated on the bill of lading, to another state must obtain a diversion number. This number must be obtained prior to delivery of the fuel by contacting the National Motor Fuels Diversion Registry. In addition, all common or contract carriers must also

report all diverted loads of fuel on their Nebraska Motor Fuels Carrier Report, Form 80. Failure to obtain the necessary diversion number and report the diverted load on your Form 80, could result in a \$1,000 penalty for each violation. If you have questions about filing your return or obtaining the proper diversion number, contact your Account Representative.

## REFUND CLAIMS

Refund claims processed during the period of July 1, 1999 through June 30, 2000 are summarized at right. During this period, we processed 1,503 claims resulting in a total of \$1,739,460. During the previous fiscal year, we processed 1,785 claims resulting in a total refund of \$2,156,921.

|                                      | DOLLAR AMOUNT REFUNDED |                  |                    |              |                    |
|--------------------------------------|------------------------|------------------|--------------------|--------------|--------------------|
|                                      | Gas/Gasohol            | PRF              | Diesel             | Aircraft     | Total              |
| Agriculture Related                  | \$0                    | \$0              | \$50,107           | \$0          | \$50,107           |
| Agriculture – Form 84AG              | 0                      | 0                | 537,334            | 0            | 537,334            |
| Blending Error (contaminated fuel)   | 2,011                  | 0                | 2,339              | 0            | 4,350              |
| Construction                         | 0                      | 0                | 289,661            | 0            | 289,661            |
| Equipment (loader, etc)              | 0                      | 0                | 142,619            | 0            | 142,619            |
| Ethanol Production                   | 0                      | 135,446          | 0                  | 0            | 135,446            |
| Exported Fuel                        | 0                      | 10,301           | 0                  | 0            | 10,301             |
| Federal Government                   | 147,279                | 928              | 14,744             | 708          | 163,659            |
| Generation of Electricity            | 0                      | 0                | 0                  | 0            | 0                  |
| Government (counties, cities, etc)   | 0                      | 0                | 63,853             | 0            | 63,853             |
| Home Heating                         | 0                      | 0                | 0                  | 0            | 0                  |
| Motor Vehicle Fuels Used as Aviation | 4,807                  | 0                | 0                  | 0            | 4,807              |
| Native American                      | 207                    | 0                | 136                | 0            | 343                |
| Reefer                               | 0                      | 0                | 226,206            | 0            | 226,206            |
| Sand & Gravel, etc.                  | 0                      | 0                | 92,311             | 0            | 92,311             |
| Other                                | 0                      | 0                | 18,463             | 0            | 18,463             |
| <b>Totals</b>                        | <b>\$154,304</b>       | <b>\$146,675</b> | <b>\$1,437,773</b> | <b>\$708</b> | <b>\$1,739,460</b> |

## AUDITS

These tables summarize the audits completed by our auditors since Motor Division's inception in July 1991. The large increase in dollars assessed in 1993/1994 for both gasoline and diesel resulted from one audit.

| Tax Program          | NUMBER OF AUDITS BY TAX PROGRAM BY FISCAL YEAR |           |            |            |            |            |            |            |            |  |
|----------------------|--|-----------|------------|------------|------------|------------|------------|------------|------------|--|
|                      | 91/92  | 92/93     | 93/94      | 94/95      | 95/96      | 96/97      | 97/98      | 98/99      | 99/00      |  |
| Consumers Use        | 0  | 8         | 7          | 8          | 13         | 6          | 0          | 0          | 1          |  |
| Liquid Fuel Carriers | 0  | 0         | 0          | 0          | 2          | 4          | 5          | 3          | 3          |  |
| Motor Vehicle Fuels  | 1  | 8         | 38         | 36         | 45         | 45         | 63         | 54         | 46         |  |
| PRF                  | 0  | 2         | 25         | 21         | 26         | 34         | 41         | 30         | 31         |  |
| Aircraft Fuels       | 0  | 1         | 7          | 5          | 6          | 9          | 15         | 4          | 9          |  |
| Compressed Fuels     | 0  | 0         | 0          | 2          | 13         | 13         | 19         | 27         | 16         |  |
| Terminals            | 0  | 0         | 0          | 0          | 0          | 0          | 0          | 0          | 3          |  |
| Gas Tax Credit       | 0  | 8         | 6          | 4          | 6          | 6          | 2          | 5          | 8          |  |
| Retailers            | 0  | 0         | 0          | 0          | 8          | 13         | 12         | 11         | 8          |  |
| Sp Fuels/Diesel      | 9  | 50        | 65         | 64         | 63         | 56         | 62         | 65         | 51         |  |
| <b>Totals</b>        | <b>10</b>                                      | <b>77</b> | <b>148</b> | <b>140</b> | <b>182</b> | <b>186</b> | <b>219</b> | <b>199</b> | <b>176</b> |  |

| Tax Program          | TAX ASSESSED BY FISCAL YEAR |                  |                    |                  |                  |                  |                  |                  |                  |
|----------------------|-----------------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                      | 91/92                       | 92/93            | 93/94              | 94/95            | 95/96            | 96/97            | 97/98            | 98/99            | 99/00            |
| Consumers Use        | \$0                         | \$12,405         | \$(50)             | \$(21,629)       | \$118,906        | \$14,029         | \$0              | \$0              | \$22,271         |
| Liquid Fuel Carriers | 0                           | 0                | 0                  | 0                | 0                | 0                | 0                | 0                | 0                |
| Motor Vehicle Fuels  | 0                           | 63,907           | 1,102,737          | 53,849           | 44,959           | 225,560          | 312,496          | 230,231          | 117,078          |
| PRF                  | 0                           | 1,684            | 20,993             | 26,173           | 92,732           | 10,840           | 7,657            | (4,643)          | 18,426           |
| Aircraft Fuels       | 0                           | 0                | 3,604              | 0                | (1,386)          | 919              | (405)            | 4,460            | 357              |
| Compressed Fuels     | 0                           | 0                | 0                  | 0                | 0                | 10,908           | 705              | 15,437           | 1,854            |
| Terminals            | 0                           | 0                | 0                  | 0                | 0                | 0                | 0                | 0                | 0                |
| Gas Tax Credit       | 0                           | 6,685            | (132)              | 3,318            | 12,145           | (191,385)        | 66               | (64,247)         | (8,636)          |
| Retailers            | 0                           | 0                | 0                  | 0                | 0                | 0                | (3,590)          | 13,341           | 0                |
| Sp Fuels/Diesel      | 41,409                      | 80,864           | 1,676,642          | 275,150          | 284,521          | 184,519          | 56,892           | 120,946          | 67,230           |
| <b>Totals</b>        | <b>\$41,409</b>             | <b>\$165,545</b> | <b>\$2,803,794</b> | <b>\$336,861</b> | <b>\$551,877</b> | <b>\$255,390</b> | <b>\$373,821</b> | <b>\$315,525</b> | <b>\$218,580</b> |

## ANNUAL STATS

This table shows the gallons and dollars reported on taxpayer returns. It does not reflect refunds, audits, etc.

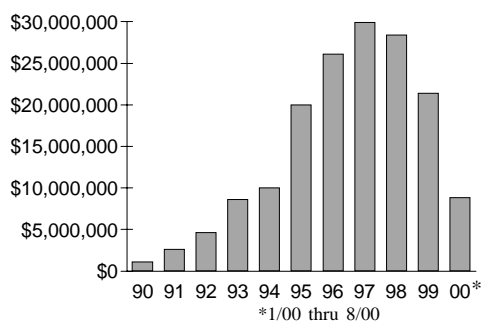
| Year | GASOLINE & GASOHOL |               | DIESEL      |              |
|------|--------------------|---------------|-------------|--------------|
|      | Gallons            | Tax           | Gallons     | Tax          |
| 1988 | 772,194,253        | \$131,693,157 | 188,052,766 | \$33,780,707 |
| 1989 | 772,211,986        | 142,025,999   | 191,620,212 | 38,470,142   |
| 1990 | 763,623,635        | 148,015,125   | 189,764,993 | 41,410,055   |
| 1991 | 739,779,599        | 171,413,194   | 184,069,676 | 44,457,323   |
| 1992 | 756,633,169        | 167,247,079   | 204,081,641 | 47,123,036   |
| 1993 | 780,044,137        | 180,456,542   | 218,053,008 | 51,580,674   |
| 1994 | 756,064,292        | 178,484,240   | 228,490,205 | 55,638,287   |
| 1995 | 825,530,818        | 195,946,147   | 248,461,579 | 59,863,691   |
| 1996 | 823,709,762        | 205,852,173   | 257,268,846 | 65,652,081   |
| 1997 | 836,837,567        | 202,761,093   | 288,032,081 | 71,182,594   |
| 1998 | 855,601,075        | 196,488,973   | 316,847,281 | 74,253,585   |
| 1999 | 868,961,738        | 198,821,480   | 342,368,345 | 79,935,573   |

## ETHANOL PRODUCTION CREDIT

The refund section of our division also processed claims for the Nebraska Ethanol Production Credit. These monthly claims establish the amount of the production credit earned by the ethanol producers and assigned by them to the various Nebraska motor vehicle fuels tax licensees.

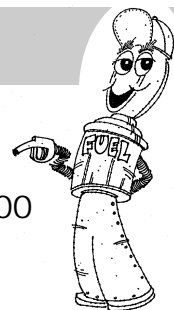
Ethanol production in Nebraska has dramatically increased over the past several years. There are currently seven ethanol plants in the state. As you know, ethanol producers receive a 20-cent per gallon credit on a maximum of 25 million gallons of ethanol they produce in Nebraska each year. As shown in the graph, the corresponding credits have grown from just over \$1,000,000 in 1990 to a peak of just under \$30,000,000 in 1997. The credits issued since 1997

have been declining as some ethanol plants reach the end of the period for which they are eligible for production credit.



## MOTOR FUELS TAX

The Nebraska motor fuels tax for July 1, 2000 through December 31, 2000 is 23.9 cents per gallon.



## FOR MOTOR FUELS TAXPAYER ASSISTANCE

Call your account representative or toll free 1-800-554-FUEL (1-800-554-3835). Lincoln residents call 471-5730. For \*TT (Text Telephone), dial 1-800-382-9309.



\*Telecommunication Device for the Deaf (TDD) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.

## OR CONTACT:

Motor Fuels Division  
301 Centennial Mall South  
P.O. Box 98904  
Lincoln, NE 68509-8904

<http://www.nol.org/revenue/fuels/fuels.htm>

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